No. 57

IN THE

United States Circuit Court of Appeals,

OF THE

NINTH CIRCUIT.

THE BRUSH ELECTRIC COMPANY,
Appellant,
vs.
CALIFORNIA ELECTRIC LIGHT CO., SAN JOSE LIGHT AND POWER CO., AND ELECTRIC IMPROVEMENT CO. OF SAN JOSE,
Appellees,

APPELLANT'S BRIEF ON APPELLEES' MOTION TO DISMISS APPEAL.

HENRY P. BOWIE,
Solicitor for the Brush Electric Company.

Wm. C. Brown Co., Printers, 320 Sansome Street, S. F.

United States Circuit Court of Appeals

OF THE

NINTH CIRCUIT.

THE BRUSH ELECTRIC COMPANY,

Appellant.

vs.

CALIFORNIA ELECTRIC LIGHT CO., SAN JOSE LIGHT AND POWER CO., AND ELECTRIC IMPROVEMENT CO. OF SAN JOSE.

Appellees.

Appellant's Brief on Appellees' Motion to Dismiss Appeal.

The motion to dismiss the appeal is without merit and should be denied. The facts lie within a narrow compass. The San Jose Electric Light Company and the San Jose Light and Power Company, claiming to be licensees of the Brush Electric Company, an Ohio corporation, brought a suit in equity in this Circuit against the Electric Improvement Company of San Jose to re-

strain an infringement upon the Brush Patent, joining with them as co-plaintiff in the action, the Brush Electric Company owner of the Patent.

Immediately upon learing of this suit the Brush Company, though special counsel, moved the Circuit Court to dismiss said action as to it, on the ground that it had neither authorized nor consented to its name being used as thus attempted. Thereupon the California Company and the Electric Light and Power Company opposing this claim, asked and obtained leave of the Court to produce documentary and other evidence to sustain their contention that they had the power and authority to use the name of the Brush Company as a co-plaintiff with them in said action; and the Brush Company was at the same time permitted by the Court to present such evidence, documentary and otherwise, in opposition to that contention as it should deem advisable.

Accordingly, and to sustain the position of the California and Light and Power Companies in this controversy, there were filed on their behalf in said action, and *upon this issue of the right to the use of the Brush name*, numerous affidavits, to-wit: affidavit of N. S. Keith, George H. Rowe, William Kerr, P. B. Cornwall, N. S. Possons and George W. Reynolds; and in opposition thereto and to sustain the position and contention of the Brush Company upon this important issue, there

were presented and filed on its behalf the affidavits of J. Potter, M. D. Leggett, G. W. Stockley, L. B. Levake, James J. Tracy and others.

Subsequently, at the July term, A. D. 1891, of the Circuit Court the motion to dismiss came on to be heard. Thereupon all the affidavits were read and argument of the motion begun by the respective counsel. Further hearing of the same was thereafter continued to a stated date on which subsequent day arguments were resumed and concluded and the motion submitted to the Court for consideration and decision.

At the November term, 1891, of the Circuit Court, the Honorable Thomas P. Hawley, U. S. District Judge presiding, the motion that the cause be dismissed as to the Brush Company having been duly considered, and the Court having delivered an oral opinion on said motion, the motion was ordered denied.

In the oral opinion, which is to be found on pages 146–7–8 of the transcript of record of this appeal, it is distinctly decided by the Court that the California Electric Light Company had the *power to bring the suit* against the Improvement Company of San Jose, and *to use the name* of *the Brush Company therein* as a co-plaintiff, joining it with the California and the Light and Power Companies as co-complainants with the Brush Company. Both the power and the authority to

use the name of the Brush Company is by said decision vested in the California and Light and Power Companies; and the order denying the motion of the Brush Company terminated that controversy finally and upon its merit.

This adjudication against the Brush Company was considered of such vital importance, so essentially and fatally decisive against it, concluding it as the decree does from all control over the litigation of its own property rights in the patent franchise on this Coast—and determining against it and in its absence not only that it has constituted the co-plaintiffs its licensees of the invention, but that it has vested in them, and in each of them, the right, whenever and as often as they see fit, to imperil by litigation the validity of the Brush Patent, and thus placing such licensees in a position actually superior to the patentee in respect of suits in equity concerning the patent; that a petition for rehearing was filed, and subsequently and at length argued by respective counsel for the opposing parties to the controversy before the same Judge.

His Honer in denying this petition for a rehearing said it was a question which should be passed upon by an Appellate Court, and if he was mistaken the mistake could be thus remedied.

It is impossible to conceive of an order or decree of a a Court of Equity more final and com-

plete upon the merits of the controversy than the order appealed from. It determines as between the parties to this collateral issue the most valuable right of property attaching to the ownership of a patent franchise, to-wit: the right to control litigation affecting its validity. By this order the *mere licensee* of an invention is vested with the power to control the owner of the patent in respect of that right, which under all the authorities is inseparable from the ownership of the legal title to the patent.

The controversy between the plaintiff Brush Company and the co-plaintiffs, Electric Light and San Jose Company, upon this grave and far-reaching issue has been determined finally by the order and decree of the Circuit Court. No questions of law or fact are reserved for future consideration or decision by the Court. Control of the Brush Company's name and of litigation involving the validity of its letters patent, under this order pass absolutely to the California and Light and Power Companies. The question is closed; the right of property involved has been settled, and the Brush Company is denied the privilege of controlling the litigation of its own property. It can be confidently claimed that a more important decree affecting rights of property has never been made in a Circuit Court of the United States, under the Patent Laws.

That such an order is final and complete, and necessarily appealable, is shown by an overwhelming mass of authorities. The principle upon which the Supreme Court of the United States has acted in holding decrees to be appealable as final decrees is well settled by the following cases:

Bebee vs. Russell, 19 Howard, 287.
Trustees vs. Greenough, 105 U. S. 531.
Central Trust Company vs. Railway Company, 48 Federal Reporter, 860.
Trust Company vs. Grant Locomotive Works, 135 U. S., 234.
Williams vs. Morgan, 111 U. S., 699.
Thompson vs. Dean, 7 Wallace, 342.
Terry vs. Sharon, 131 U. S., 46.
Stovall vs. Banks, 10th Wallace Reports, 586.
St. Louis Co. vs. Southern Company, 108 U. S., 24.
Forgay vs. Conrad, 6th Howard, 201.
Keystone Iron Company vs. Martin, 132 U. S., 93.
Grant vs. Phœnix Insurance Company, 106 U. S., 431.
Bostwick vs. Brinkerhoff, 106 U. S., 3 and 4.
Lodge vs. Twell, 135 U. S., 232.
Hovey vs. McDonald, 109 U. S., 155–6.

Sharon vs. Sharon, 67 Cal., 196, and cas. cit.

Belt vs. Davis, 1 Cal., 136.

Clason vs. Shortwell, 12 Johnson's Reports, 64–5–6.

Bebee vs. Russell :

This case lays down the rule for determining whether or not a decree is final. "When a decree "finally decides and disposes of the whole merits "of the cause, and reserves no further questions or "directions for the future judgment of the Court, "so that it will not be necessary to bring the cause "again before the Court for its final decision, it "is a final decree." Further on the Court says that *the decree is final where the whole controversy has been determined.*

Trustees vs. Greenough :

"The first question is whether these orders (al- "lowing compensation to trustee) do or do not "amount to a final decree upon which an appeal "lies to this Court. They are certainly a final "determination of the particular matter arising "upon the complainant's petition for allowances, "and direct the payment of money out of the fund "in the hands of the Receiver. Though inciden- "tal to the cause the *inquiry was a collateral one, "having a distinct and independent character and*

"*received a final decision.* The administration of "the fund for the benefit of the bond holders may "continue in Court for a long time to come. * * * "*We think that the preceeding may be regarded as* "*so independent as to make the decision substan-* "*tially a final decree for the purposes of an appeal.*"

Trust Company vs. Railway Company.

This is the decision of the Circuit Court of Appeals, 5th Circuit. The appeal was from the decision of the Circuit Court on a petition of intervention in a foreclosure suit sustaining the intervenor's claim. On the hearing in the Circuit Court of Appeals, the appellee filed a motion to dismiss the appeal on the ground of prematurity, no final decision having been rendered in the main case pending in the Court below.

Pardee, Jr.: "*The decision in the Court below on* "*the intervention of the Hawassee Company, was* "*a final decision upon the matter distinct from the* "*general subject in litigation.*" Central Trust Company vs. Grant Locomotive Works, 135 U. S., 207; 10 Sup. Ct. Rep., 736. *As a final decision it comes directly within the jurisdiction given to the Circuit Courts of Appeal in this 6th section of the Act approved March 3, 1891, entitled "An Act to* "*establish Circuit Courts of Appeal, etc.*"

Trust Company vs. Grant Locomotive Works.

"If these orders (establishing the claim of an "intervenor in a foreclosure suit) were final decrees "the Court could not vacate them of its own mo- "tion after the close of the October term, 1883. "We think they were final; they determined the "ownership of the locomotives and the right to "their possession. * * * * They were there- "fore final in their nature and *made upon matters "distinct from the general subject of litigation*, the "*foreclosure of the mortgages.* In Trustees vs. "Greenough, 105 U. S., 527, an appeal from an "order for an allowance of costs and expenses to "a complaint suing on behalf of a trust fund was "sustained. In Hinckley vs. Gillman, 94 U. S., "467, a receiver was allowed to appeal from a de- "cree against him to pay a sum of money in the "cause in which he was appointed."

Williams vs. Morgan.

In this case a preliminary question was raised as to the right of the appellants to appeal. "We "think that the position of Williams and Thomp- "son made them quasi parties in the case and "brought them within the reason of the former "cases decided by this Court in which persons in- "cidentally interested in some branch of the cause "have been allowed to intervene for the purpose

"of protecting their interests, and even to come "into this Court, or to be brought here on appeal "*when a final decision of their right or claim has* "*has been made by the Court below.* * * * That "the order (fixing the compensation to be paid to "the trustees) was such as could be appealed from, "we think is equally apparent. *It was final in its* "*nature and was made in a matter distinct from* "*the general subject of litigation, a matter by itself* "*which affected only the parties to the particular* "*controversy and those whom they represented.*"

Thompson vs. Dean.

Motion to dismiss an appeal from the Circuit Court on the ground that the decree from which it was taken was not final.

"In this case the decree directs the performance "of a specific act and requires that it be done "forthwith. The effect of the act when deter- "mined is to invest the transferees with all the "rights of ownership. It changes the property "in the stock as absolutely and as completely as "could be done by execution on a decree for sale; "it looks to no future modification or change of "the decree. * * * So far as the Court "below was concerned, *the decree in the case deter-* "*mined the principal matter in controversy between* "*the parties,* and since the decree could not be "changed except through a new and distinct pro-

"ceeding, *it determined that matter fully.* Why "then must it not be regarded as a final decree, "within the meaning of the Acts of Congress pro- "viding for appeals? * * * But we think "that the current of decisions fully sustains the "rule laid down by the Chief Justice in the case "of Forgay vs. Conrad, and which we again de- "clare in his own language: 'When the decree " 'decides the right to the property in contest, " 'and directs it to be delivered up by the defend- " 'ant to the complainant, or directs it to be sold, " 'or directs the defendant to pay a certain sum " 'of money to the complainant, and the com- " 'plainant is entitled to have such degree carried " 'immediately into execution, *the decree must be* " *'regarded as a final one to that extent, and au-* " *'thorizes an appeal to this Court*, although so " 'much of the bill is retained in the Circuit " 'Court as is necessary for the purpose of adjust- " 'ing by further decree the accounts between the " 'parties pursuant to the decree passed.'"

Terry vs. Sharon:

Appeal from an order or degree of revival. Motion to dismiss appeal on the ground that the order reviving the suit is not a final order or decree. "If the defendant had not this right of "resistance he might be harrassed by suits to re- "vive the judgment by any number of parties

"claiming indifferent or opposing right, and he "must surely have some power to protect himself "from this; and the order that the Court makes "in such a case is *so essentially decisive and im-* "*portant* that we do not doubt that it is appeal- "able. The motion therefore to dismiss the ap- "peal must be overruled."

Stoval vs. Banks:

"It is not unusual in Courts of Equity to enter "decrees determining the rights of parties and the "extent of the liability of one party to the other, "giving at the same time a right to apply to the "Court for modifications and directions. *It has "never been doubted that such decrees are final.* "They are all that is necessary to give to the suc- "cessful party the full benefit of the judgment. " * * * So in Mills vs. Hoag, 7 Paige, 19, "it is said that 'A decree is not less final in its " 'nature because some future orders of the Court " 'may possibly become necessary to carry such " 'final decree into effect.' In the case before us "no future orders were necessary."

St. Louis Co. vs. Southern Co., 108 U. S., 24.

Motion to dismiss appeal.

Mr. Chief Justice Waite; "As we have had "occasion to say at the present term * * * *

"a decree is final for the purposes of an appeal to "this Court when it terminates the litigation be- "tween the parties on the merits of the case and "leaves nothing to be done but to enforce by exe- "cution what has been determined. Under this "rule we think the present decree is final. Mo- "tion to dismiss denied."

Keystone Iron Co. vs. Martin, 132 U. S. 93.

In this case the decree was held to be not a final decree because it did not dispose of the entire controversy between the parties, the Court holding that the case was not one where nothing remained to be done by the Court below except to execute ministerially its decree.

Hovey vs. McDonald.

"The first matter to be determined is the mo- "tion on the part of the Receiver to dismiss the "appeal for the reason that he was not a party to "the suit. This motion cannot prevail; the pro- "ceedings instituted by the order requiring the "Receiver to file his account and the subsequent "reference of that account to an Auditor and the "exceptions thereto were all directed against the "Receiver for the purpose of rendering him per- "sonally responsible for the funds which had been "placed in his hands, and which he had delivered

"over in obedience to the original decree. *It was "a side issue in the case* in which the complainants "on the one side, and the Receiver on the other, "were real and interested parties. *The decree "confirming the Auditor's report was as to this mat- "ter a final decree* against the complainants and "in favor of the Receiver. *We have so often con- "sidered cases of that sort arising incidentally in a "case but presenting independent issues to be deter- "mined between the parties to them, that it is un- "necessary to enter into a detailed discussion of the "subject at this time."* * * * * * * * *

In the case last cited (94 U. S., 467) a decree was rendered against a Receiver directing him to pay into Court a certain sum of money, being a balance found due from him on the settlement of his accounts. He appealed from this decree and his right to appeal was sustained by this Court. This case is a direct authority to show that the Receiver in the present case had the decree been given him could have taken an appeal; and if he would have had a right to appeal surely the opposite parties have the same right.

Sharon vs. Sharon :

Motion to dismiss an appeal from an order to pay alimony : If the order for the payment of alimony and counsel fees is in the nature of a final judgment it is appealable ; it certainly pos-

sesses all the essential elements of final judgment. Nothing remained to be done except to enforce it, and for that purpose an execution might issue and be proceeded on as if the judgment had been rendered in an ordinary action for the recovery of a specific sum of money. Although the pendency of an action for divorce constitutes the basis of the order it was no part of the relief demanded by the plaintiff in her complaint. She might at any time during the pendency of the action have applied to this Court for such an order, and if granted it would not be affected by subsequent proceedings in the action. Its validity would not depend in any on the result of the action.

* * *

It was to all intents and purposes a final judgment entered in an action. The order for the payment of temporary alimony is a final judgment upon all the questions adjudicated in it. In Lochnane vs. Lochnane, 78 Ky., 468, the Court says "That this (decree for temporary alimony) "is a definitive judgment from which appellant can "have no relief by the final decree even though it "should appear that injustice had been done him."

In that case the appeal from the order was allowed on the ground that it affected the substantial rights of the party.

In Blake vs. Blake, 80 Ill., 532, ruling on a motion to dismiss the appeal from an order allow-

ing alimony, the Court said: "Such a decree "does not seem to us to be merely interlocutory, "it is more in the nature of a final decree, and if "no appeal lies this case affords an instance of a "money decree against a party from which no "relief can be had, no matter how unjust or op- "pressive. * * * * *

"It is apprehended that there can be no decree "against a party which will work a deprivation of "his property or liberty from which no appeal or "writ of error will lie."

In the suit of the Brush Company, et al vs. the Improvement Company collateral, a controversy arose, *exclusively between co-plaintiffs*; on the one side of that controversy, the Brush Company; on the other side, the California and Light and Power Companies. This controversy affected and concerned the right to the use of the name of the owner of the Brush Patent in the principal cause against the Improvement Company. That issue was not and could not be raised between the co-plaintiffs and the defendant; it was a side issue in the suit; it was a collateral, independent and distinct issue; an issue involving a valuable right claimed by the Brush Company, denied by the California and Light and Power Companies, and was no part of the relief prayed for in the bill.

The whole merits of that controversy raised by

the motion of the Brush Company, were finally decided and disposed of by the order of the Circuit Court. When that order was made the whole controversy was determined between the parties to it, and the decision was a final decision upon the matter distinct from the general subject in litigation.

Had the motion been granted and the Brush Company dismissed as a plaintiff from that litigation, such order would have been final upon the other co-plaintiffs, who could then have no longer proceeded with the suit in the form in which it had been originally instituted by them. If that be so, then such decree would have been final as to that matter and conclusive upon the other co-plaintiffs as to their right to use the Brush Company's name. The action as brought must *co instanti* have determined. We do not suppose it can be denied that such order would have given the California and Light and Power Companies the immediate right of appeal. And if such be the case, the reciprocal right of the opposite party to the controversy, is held in Hovey vs. McDonald, 109 U. S., to exist beyond any question.

Had the California and Light and Power Companies brought an action in equity against the Brush Company at its domicile in the State of Ohio, to obtain a decree either compelling the Brush Company to join with them in the action

against the Improvement Company to restrain an alleged infringement of its letters patent, or to obtain a decree permitting those Companies to use the name of the Brush Company as a co-plaintiff with them in such infringement suit, a decree in favor of such Companies against the Brush Company, either compelling the Brush Company to bring the suit or permitting the plaintiffs to use its name, would be a final determination of the whole controversy upon its merits in that action; and would at once have been appealable.

Is the order now under consideration any less appealable because made between the same parties in another forum upon a collateral independent issue in another suit?

Has not this order determined and settled in this collateral proceeding the same questions, the same issues, as fully and finally as would a decree in the action supposed? Can the California and Light and Power Companies cut off the right of the Brush Company to appeal from a decree here, where, had it been made in a separate action in the State of Ohio they could not have so succeeded? Will this Court permit those co-plaintiffs to get all the benefits and fruits of a final decision upon the merits of a controversy between them and the Brush Company without affording the Brush Company an opportunity to appeal? It would be difficult to imagine a greater wrong than

to deny the Brush Company its immediate right of appeal to this Honorable Court.

The fact that the right of appeal is opposed by the California Company, must strike any fair minded person as particularly unjust and inequitable. That Company by simply naming the Brush Company as co-plaintiff has succeeded under this decree in not only securing jurisdiction over it, but has actually, and in its absence, and without appearance or process, obtained a decree against it dispossessing it of what is equal in importance and value to the ownership of the patent itself, namely: the right to control all litigation effecting its validity.

The Brush Company respectfully asks this Court to hear it, and to deny the motion to dismiss its appeal for justice.

HENRY P. BOWIE,

Solicitor for the Brush Company.

United States Circuit Court of Appeals for the Ninth Circuit.

THE BRUSH ELECTRIC COMPANY,
vs.
CALIFORNIA ELECTRIC LIGHT COMPANY, SAN JOSE LIGHT AND POWER COMPANY, AND THE ELECTRIC IMPROVEMENT COMPANY OF SAN JOSE.

No. 54.
Filed July 14th, 1892.

Appeal from the Circuit Court of the United States for the Northern District of California.

John H. Miller, Esquire, for Appellees and motion to dismiss,

Edward P. Cole and H. P. Bowie, Esquires, for Appellant and against motion.

Before McKENNA, Circuit Judge, and ROSS and KNOWLES, District Judges.

By the Court,

KNOWLES, J.:

The California Electric Light Co. and the San Jose Light and Power Company desiring to commence a suit against the Electric Improvement Company of San Jose for an infringement of a certain patent joined with them as a plaintiff the Brush Electric Company. After the Bill of Complaint had been filed in the Circuit Court for the District of California, the Brush Electric Company came into said Court and moved that the said cause be dismissed as to it. At the hearing of this motion affidavits were introduced by both the Brush Electric Company and the California Electric Light Company bearing upon the question of the right of the California Electric Light Company to use the name of said Brush Electric Light Company in the said action. The question of fact was considered and determined upon the affidavits. Important questions of law were presented and decided in the ruling of the Court upon this motion. The Court overruled the motion to dismiss. The Brush Electric

Company appealed to this Court from this order overruling its said motion.

In this Court, the California Electric Light Company moves this Court to dismiss this appeal on the ground that the order overruling this motion was not subject to appeal, the same not being a final decision. The matter presented for consideration in this motion in the Court below was not one presented in the Bill of Complaint. It was not a matter sought in any manner to be determined by that bill. The order overruling this motion should not be termed an interlocutory decree. An interlocutory decree is generally applied to decrees in which some matter either of law or of fact is directed preparatory to a final decision. 2d Daniels Chancery P. and Pr. Note A, Perkins Edition.

The order was not a preliminary decree concerning matters preparatory to a final decree upon the issues made in the bill. Neither was it a decree determining finally any of the issues presented in the bill. It was, however, a determination of a matter collateral to the issues presented in the bill. A decree or judgment or decision which finally determines all of the issues presented by the pleadings and finally fixes the rights of the parties is undoubtedly a final decree or judgment. The question of difficulty in this case is as to whether this order settling as far as the Circuit Court was concerned the issue presented upon this motion can be classed as a final decision. The Act of March 3d, 1891, entitled an Act to establish Circuit Courts of Appeals, etc., upon the subject of appeals to this Court, provides "That the Circuit Court of Appeals established by this "Act shall exercise appellate jurisdiction to review by appeal or by "writ of error final decisions in the District Court and the existing "Circuit Courts in all cases other than those provided for in the pre-"ceding section of this Act," etc. It is conceded that the term final decision in this Act means the same thing as final decree or judgment. It must be apparent that that term embraces the others. Under that statute final judgments and decrees are brought to this Court for review. The terms final decree and final judgment have been considered by the Supreme Court in statutes providing for appeals and writs of error from lower courts to it. In the case of Williams vs. Morgan, 111 U. S., 669, that Court says of an order which was made upon a collateral matter not presented by any of the pleadings in the case: "It was in its nature final and was made "in a matter distinct from the general subject of litigation, a matter

" by itself which affected only the parties to the particular contro-
" versy." And this order it was held was such a final decree as could be appealed from. In this, the Supreme Court followed its former decision in the case of Forgay vs. Conrad, 6 How., 203. In that case, the Court said: "This Court has not therefore understood the words " final decree in this strict technical sense, but has given to them a " more liberal and, as we think, a more reasonable construction, and " one more consonant to the intention of the Legislature." In this case the Court held a decree was final which determined certain issues and which did not finally determine the case.

The conclusion that the decree to be a final one within the meaning of the Act of Congress providing for appeals to the Supreme Court need not necessarily be one that disposed of all the issues presented in the case finally, but may include a final determination in collateral matters was reached in Bronson vs. Railroad Company, 2 Black, 530, and in Trust Company vs. Grant Locomotive Works, 135 U. S., 209. In the State Courts a decree for alimony *pendente lite* has been classed as a final decree although the issues in the pleadings are not involved in awarding the same.

Sharon vs. Sharon, 67 Cal., 195.

The meaning given to the terms final decree or judgment in the statute providing for appeals to the Supreme Court should be the same in the statute under consideration providing for appeals to this Court.

Considering the construction given by the Supreme Court to the terms final decisions, judgments or decrees, and we reach the conclusion that the term final decision in said statute under consideration does not mean necessarily such decisions or decrees only which finally determine all the issues presented by the pleadings. That while these are undoubtedly final decisions the terms are not limited to them, but also apply to a final determination of a collateral matter distinct from the general subject of litigation affecting only the parties to the particular controversy, and finally settles that controversy. It would seem also that the importance of this collateral matter should be considered.

Terry vs. Sharon, 131 U. S., 46.

The order overruling the motion of the Brush Electric Company to dismiss the cause as to it does seem to have been the final deter-

mination of a most important question, collateral in its character. In considering the motion, questions of fact and of law were involved. Distinct issues of both were presented. They were such as were not presented by the general issues in the case. These questions would not be again presented. They were not preliminary to the decree upon the merits or involved in the decree upon the merits.

The order determining the issues upon this motion we therefore hold was a final decision within the meaning of the statute concerning appeals in this Court above referred to, and was therefore the subject of an appeal thereunder.

The motion to dismiss the appeal is overruled.